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- (1) Editorial: Defense Minister Ishiba's MOD reform plan raises questions

Defense Minister Shigeru Ishiba explained his plan to reorganize the Ministry of Defense (MOD) to the ministry's blue-ribbon reform panel, chaired by Tokyo Electric Power Co. advisor Nobuya Minami. His plan raised questions and concerns.

Ishiba's plan is basically designed to reorganize the ministry into an organization of three functions -- (1) building up defense capabilities, (2) employment, and (3) accountability to the Diet and the public -- by integrating the MOD internal bureaus (non-uniform group) and the four staff offices (uniformed group) in order to establish a system in which the two groups cooperate in assisting the minister.

The first question concerns the plan's weak connection to measures to prevent a recurrence of the bribery scandal involving former Vice-Defense Minister Takemasa Moriya.

Moriya's dictatorial power coming from his ties to lawmakers was the primary cause of the scandal. Mr. Ishiba, as the person who appointed Moriya vice minister, must know it the best. There is no guarantee that another Moriya will not emerge if MOD is reorganized based on his plan.

Second, can an organization reorganized by function by integrating the MOD bureaucrats and the Ground, Maritime, and Air Self-Defense Forces in uniform actually function? Cultural differences exist not only between the non-uniform and uniform groups but also between the Ground, Maritime, and Air Self-Defense Forces. Although the Joint Staff was established two years ago for integrated operations of the

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three forces, it has yet to produce any visible effects.

Third is the possible effect on the SDF's international cooperation activities. An integration of the non-uniformed group and the three forces would increase the influence of the Ground Self-Defense Force, the largest of the three forces. Precedents tell that control of the reorganized by the GSDF, which is the least international among the three forces, will result in hesitance to conduct international cooperation activities.

Fourth, the plan runs the risk of "GSDF bureaucrats" wielding significant influence by taking advantage of their numerical strength. Internal bureau civilian officers, the MSDF, and the ASDF would bow to them. If they forge ties to lawmakers, like Moriya did, it would be difficult to restrain them.

The emergence of an elite group in Tokyo putting a slight on field troops might result in a second coming of the Imperial Headquarters that does not know the front line. That is apparently why the U.S. Defense Department, the world's largest bureaucratic organization, has two separate bodies: the organ to support the defense chief and the Joint Chiefs of Staff.

What is necessary now is not tinkering with the organization but bold personnel exchanges, including high-level officials of the internal bureaus and the four staff offices. That, too, never came to fruition, however. Organizational restructuring must not take place by capitalizing on the Moriya scandal.

(2) China indicates no willingness to concede on gas field development despite plan for president's visit to Japan

The Chinese government has indicated that it has no intention of making a concession on the issue of gas exploration rights in the East China Sea simply for the reason that President Hu Jintao is planning to visit Japan, an informed source revealed yesterday. A Chinese representative said in working-level talks held late last year: "We don't want to link a settlement of the issue to the

presidential visit to Japan." The governments of Japan and China are engaged in final coordination in a bid to bring about a settlement in vice-minister-level talks to be held on Feb. 20, but it remains to be seen whether both sides will be able to find common ground.

Observers speculate that the Chinese government might be afraid that if it quickly reached an agreement for the reason of the planned presidential visit to Japan, its people could criticize the administration, claiming that the government had compromised with Japan.

Prime Minister Yasuo Fukuda and Premier Wen Jiabao agreed in their meeting late last year to grope for a solution at an early date over the gas field development row. The Japanese government has expressed its desire to reach a settlement by the time of the Chinese presidential visit to Japan in April.

On the boundary line between Japan and China, Japan and China remain divided. Japan regards a line equidistant from the land territory of Japan and China as the boundary line, but China insists that the Okinawa Trough should be the boundary line.

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In the working-level talks prior the Japan-China summit late last year, China sounded out Japan on a plan to jointly develop gas fields in the waters near the Japan-claimed median line and on the Japanese side, showing its willingness to compromise for the first time. Japan, however, did not agree to this proposal, asserting that China should promise the development of gas fields in the oceanic areas on the Chinese side and near the median line. But China, which has deemed the Okinawa Trough as the boundary line, reportedly assailed that its people might lash out at even the joint development proposal in waters on the Japanese side, complaining that the government made a compromise.

In the Japan-China talks, a Japanese representative proposed that the issue be brought into the International Court of Justice or the International Tribunal for the Law of the Sea, but China has refused this proposal. A Foreign Ministry source explained: "In recent precedent cases, the median line has been adopted in demarcating a border, so if the case is put on the trial, China's assertion might be denied."

Foreign Ministry Vice Minister Mitoji Yabunaka is scheduled to visit China on Feb. 20 to discuss the issue with Chinese Foreign Ministry Vice Minister Wang Yi. But a final decision is now likely to be made in the planned between Prime Minister Fukuda and President Hu.

(3) LDP research commission approves in general outline bill amending AML: Administrative surcharge to target false labeling; Government stance of protecting consumers becomes clear

NIKKEI (Page 1) (Excerpts)  
February 15, 2008

A bill amending the Antimonopoly Law, which the government will present to the regular Diet session, has been confirmed in general outline. The Fair Trade Commission (FTC) on Feb. 14 submitted it to the Research Commission on Antimonopoly Laws of the Liberal Democratic Party (LDP) and obtained its approval. As a feature, the bill is aimed at strengthening measures against an increase in bid-rigging activities in construction works. Administrative surcharges will be imposed on false labeling with the aim of thoroughly protecting consumers and small and medium-size businesses. Some in business circles are alarmed about the move. The challenge to the FTC will be how to secure transparency in imposing administrative surcharges and improve the system of filing a complaint against a ruling.

According to the amendment bill, the amount of administrative surcharge imposed on companies that played a leading role in bid-rigging activities and cartels will be raised 50 PERCENT, compared with the present level. The FTC intends to curb the number of violations of the AML, by imposing heavy punishments on companies that play a leading role in unfair trade practices. One executive of

a leading general construction contractor said, "An increase in antimonopoly surcharge rates would be unavoidable. However, a question remains on how to distinguish offending companies that played a leading role in unfair trade practices remains."

In the meantime, the FTC also plans to improve a system of reducing administrative surcharges imposed on companies that voluntarily admit to unfair trade practices. The FTC hopes to toughen watchful eyes by increasing companies subject to the surcharge system so that

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it can secure more information on unfair trade practices.

Unfair trade practices subject to surcharges are currently limited to bid-rigging activities and cartels. The coverage of the amendment bill, which attaches importance to the protection of consumers, will be expanded to include false labeling intended to deceive consumers with incorrect information. The rate of the surcharge will be 3 PERCENT of sales of the goods subject to the punishment.

The abuse of preferred position, in which major companies force unfavorable trading on their subcontractors, will become subject to surcharges. The auto industry, where there are many sub-contractors, consists of primary parts manufacturers that directly trade with finished car-manufacturers, second-tier and third-tier parts manufactures. The auto industry's stance is that it would be necessary for group companies as a whole to tackle preventing unfair trade practices.

Concerning unfair trade practices that will become subject to administrative surcharges in the revised law, Attorney Ishida, who is versed in the AML, expressed concern, "Unlike bid-rigging activities or cartels, the scope of unfair trade practices is unclear."

Chances are that if administrative surcharges as well as orders to end unfair trade practices are imposed on offending companies, more complaints would be filed against FTC rulings. At present, the FTC is responsible for determining whether protests are justifiable or not. Industrial circles are unhappy with the situation with one source saying, "The present judge system, in which the FTC serves both as a public prosecutor and a judge should be done away with." Since a plan to reform the judge system cannot be prepared in time for inclusion in the amendment bill, the bill will be attached with an additional clause stipulating that the system is to be fully reviewed. The system will be reviewed within fiscal 2008.

Many DPJ members are calling for the total abolition of the judge system. The dominant view in the LDP is to change the system into one under which complaints regarding unfair trade practices, such as bid-rigging activities, cartels and dumping, can be filed with a law court. Ishida said, "If the possibility of legal disputes increases, the FTC would be urged to be careful in determining facts. Should that occur, the overall number of investigations might decrease."

(4) Parliamentary league "Sentaku" to have 60 participants: Founders to meet today

SANKEI (Page 5) (Full)  
February 20, 2008

Founders of a non-partisan parliamentary league to support "Sentaku" (double meaning of "choice" and "cleaning up"), which is short for the "National Congress for Cleaning up (and making choices for) Japan from the Local Community and Working People's View (established by former Mie Prefectural Governor Masayasu Kitagawa and Miyazaki Prefectural Governor Hideo Higashikokubaru) will meet today at a hotel in Uchisaiwai-cho, Tokyo. The league is expected to be launched formally on March 2. The founders want to gather around 60 members from both the ruling and opposition camps. They are aiming at such efforts as completing a manifesto in cooperation with Sentaku. However, the prevalent view in political circles is that the move is connected with political reorganization.

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The founders include eight Liberal Democratic Party (LDP) members, such as former Minister of Education, Culture, Sports, Science and Technology Takeo Kawamura, Deputy Policy Research Council Chairman Hiroyuki Sonoda and Vice Election Committee Chairman Yoshihide Suga, eight Democratic Party of Japan (DPJ or Minshuto) members, such as former Diet Affairs Committee Chairman Yoshihiko Noda and former Secretary General Yukio Edano, and two lawmakers from the New

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Komeito. Kawamura and Noda will likely be appointed joint representatives when the group is launched formally.

One of the founders said, "It is a policy-oriented parliamentary league to reflect the views of local areas in the manifesto." However, many participants from the DPJ are lawmakers who have distanced themselves from President Ozawa.

Sentaku is a private policy group launched on Jan. 20 by Kitagawa. Its aim is to bring about regional decentralization and policies that reflect the views of average citizens.

SCHIEFFER